

House Study Bill 654

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
ECONOMIC GROWTH BILL BY
CHAIRPERSON HOFFMAN)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to job training programs and the job corps
2 centers.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 6413HC 80
5 tm/sh/8

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1 1 Section 1. Section 260E.2, subsections 1, 2, 7, 12, and
1 2 15, Code 2003, are amended to read as follows:
1 3 1. "Agreement" is the agreement between an employer and a
1 4 community college or job corps center concerning a project.
1 5 2. "Board of directors" means the board of directors of a
1 6 community college or a job corps center.
1 7 7. "Employer" means the person providing new jobs in the
1 8 merged area served by the community college and entering into
1 9 an agreement or a person providing new jobs through an
1 10 agreement with a job corps center.
1 11 12. "New jobs training program" or "program" means the
1 12 project or projects established by a community college or a
1 13 job corps center for the creation of jobs by providing
1 14 education and training of workers for new jobs for new or
1 15 expanding industry in the merged area served by the community
1 16 college or through an agreement with a job corps center.
1 17 15. "Project" means a training arrangement which is the
1 18 subject of an agreement entered into between the community
1 19 college or a job corps center and an employer to provide
1 20 program services.
1 21 Sec. 2. Section 260E.2, Code 2003, is amended by adding
1 22 the following new subsection:
1 23 NEW SUBSECTION. 9A. "Job corps center" means a campus
1 24 that is part of the nationwide network of campuses organized
1 25 under the federal job corps program authorized by the federal
1 26 Workforce Investment Act of 1998, Pub. L. No. 105-220.
1 27 Sec. 3. Section 260E.3, subsection 1, unnumbered paragraph
1 28 1, Code Supplement 2003, is amended to read as follows:
1 29 A community college or job corps center may enter into an
1 30 agreement to establish a project. If an agreement is entered
1 31 into, the community college or job corps center and the
1 32 employer shall notify the department of revenue as soon as
1 33 possible. An agreement shall provide for program costs,
1 34 including deferred costs, which may be paid from one or a
1 35 combination of the following sources:
2 1 Sec. 4. Section 260E.5, subsections 2, 3, and 5, Code
2 2 Supplement 2003, are amended to read as follows:
2 3 2. An amount equal to one and one-half percent of the
2 4 gross wages paid by the employer to each employee
2 5 participating in a project shall be credited from the payment
2 6 made by an employer pursuant to section 422.16. If the amount
2 7 of the withholding by the employer is less than one and one=
2 8 half percent of the gross wages paid to the employees covered
2 9 by the agreement, then the employer shall receive a credit
2 10 against other withholding taxes due by the employer. The
2 11 employer shall remit the amount of the credit quarterly in the
2 12 same manner as withholding payments are reported to the
2 13 department of revenue, to the community college or the job
2 14 corps center to be allocated to and when collected paid into a
2 15 special fund of the community college or of the job corps
2 16 center to pay the principal of and interest on certificates
2 17 issued by the community college or the job corps center to
2 18 finance or refinance, in whole or in part, the project. When
2 19 the principal and interest on the certificates have been paid,
2 20 the employer credits shall cease and any money received after
2 21 the certificates have been paid shall be remitted to the
2 22 treasurer of state to be deposited in the general fund of the

2 23 state.

2 24 3. The new jobs credit from withholding and the special
2 25 fund into which it is paid, may be irrevocably pledged by a
2 26 community college or a job corps center for the payment of the
2 27 principal of and interest on the certificate issued by a
2 28 community college or a job corps center to finance or
2 29 refinance, in whole or in part, the project.

2 30 5. A community college or job corps center shall certify
2 31 to the department of revenue the amount of new jobs credit
2 32 from withholding an employer has remitted to the special fund
2 33 and shall provide other information the department may
2 34 require.

2 35 Sec. 5. Section 260E.6, unnumbered paragraph 1, Code 2003,
3 1 is amended to read as follows:

3 2 To provide funds for the present payment of the costs of
3 3 new jobs training programs, a community college or a job corps
3 4 center may borrow money and issue and sell certificates
3 5 payable from a sufficient portion of the future receipts of
3 6 payments authorized by the agreement. The receipts shall be
3 7 pledged to the payment of principal of and interest on the
3 8 certificates.

3 9 Sec. 6. Section 260E.6, subsections 4 and 5, Code 2003,
3 10 are amended to read as follows:

3 11 4. To further secure the payment of the certificates, the
3 12 board of directors of a community college shall, by
3 13 resolution, provide for the assessment of an annual levy of a
3 14 standby tax upon all taxable property within the merged area.
3 15 A copy of the resolution shall be sent to the county auditor
3 16 of each county in which the merged area is located. The
3 17 revenues from the standby tax shall be deposited in a special
3 18 fund and shall be expended only for the payment of principal
3 19 of and interest on the certificates issued as provided in this
3 20 section, when the receipt of payment for program costs as
3 21 provided in the agreement is insufficient. If payments are
3 22 necessary and made from the special fund, the amount of the
3 23 payments shall be promptly repaid into the special fund from
3 24 the first available payments received for program costs as
3 25 provided in the agreement which are not required for the
3 26 payment of principal of or interest on certificates due. No
3 27 reserves may be built up in this fund in anticipation of a
3 28 projected default. The board of directors shall adjust the
3 29 annual standby tax levy for each year to reflect the amount of
3 30 revenues in the special fund and the amount of principal and
3 31 interest which is due in that year.

3 32 5. Before certificates are issued, the board of directors
3 33 of a community college shall publish once a notice of its
3 34 intention to issue the certificates, stating the amount, the
3 35 purpose, and the project or projects for which the
4 1 certificates are to be issued. A person may, within fifteen
4 2 days after the publication of the notice by action in the
4 3 district court of a county in the area within which the
4 4 community college is located, appeal the decision of the board
4 5 of directors in proposing to issue the certificates. The
4 6 action of the board of directors in determining to issue the
4 7 certificates is final and conclusive unless the district court
4 8 finds that the board of directors has exceeded its legal
4 9 authority. An action shall not be brought which questions the
4 10 legality of the certificates, the power of the board of
4 11 directors to issue the certificates, the effectiveness of any
4 12 proceedings relating to the authorization of the project, or
4 13 the authorization and issuance of the certificates from and
4 14 after fifteen days from the publication of the notice of
4 15 intention to issue.

4 16 Sec. 7. Section 260.7, Code 2003, is amended to read as
4 17 follows:

4 18 260E.7 DEPARTMENT OF ECONOMIC DEVELOPMENT.

4 19 The Iowa department of economic development in consultation
4 20 with the department of education shall coordinate the new jobs
4 21 training program. The Iowa department of economic development
4 22 shall adopt, amend, and repeal rules under chapter 17A that
4 23 the community college or job corps center will use in
4 24 developing projects with new and expanding industrial new jobs
4 25 training proposals. The department is authorized to make any
4 26 rule that is adopted, amended, or repealed effective
4 27 immediately upon filing with the administrative rules
4 28 coordinator or at a subsequent stated date prior to indexing
4 29 and publication, or at a stated date less than thirty-five
4 30 days after filing, indexing, and publication. The department
4 31 shall prepare an annual report for the governor and general
4 32 assembly on the activities of the industrial new jobs training
4 33 program.

4 34 Sec. 8. Section 260F.2, subsections 1, 7, 8, and 11, Code
4 35 2003, are amended to read as follows:

5 1 1. "Agreement" is the agreement between a business and a
5 2 community college or job corps center concerning a project.

5 3 7. "Jobs training program" or "program" means the project
5 4 or projects established by a community college or job corps
5 5 center for the training of employees.

5 6 8. "Participating business" means a business training
5 7 employees which enters into an agreement with the community
5 8 college or a job corps center.

5 9 11. "Project" means a training arrangement which is the
5 10 subject of an agreement entered into between the community
5 11 college or job corps center and a business to provide program
5 12 services. "Project" also means a department-sponsored
5 13 training arrangement which is sponsored by the department and
5 14 administered under sections 260F.6A and 260F.6B.

5 15 Sec. 9. Section 260F.2, Code 2003, is amended by adding
5 16 the following new subsection:

5 17 NEW SUBSECTION. 6A. "Job corps center" means a campus
5 18 that is part of the nationwide network of campuses organized
5 19 under the federal job corps program authorized by the federal
5 20 Workforce Investment Act of 1998, Pub. L. No. 105-220.

5 21 Sec. 10. Section 260F.3, unnumbered paragraph 1, Code
5 22 2003, is amended to read as follows:

5 23 A community college or job corps center may enter into an
5 24 agreement to establish a project. An agreement shall provide
5 25 for, but is not limited to, the following:

5 26 Sec. 11. Section 260F.6, Code 2003, is amended to read as
5 27 follows:

5 28 260F.6 JOB TRAINING FUND.

5 29 1. There is established for the community colleges and for
5 30 a job corps center a job training fund in the department of
5 31 economic development in the workforce development fund. The
5 32 job training fund consists of moneys appropriated for the
5 33 purposes of this chapter plus the interest and principal from
5 34 repayment of advances made to businesses for program costs,
5 35 plus the repayments, including interest, of loans made from
6 1 that retraining fund, and interest earned from moneys in the
6 2 job training fund.

6 3 2. To provide funds for the present payment of the costs
6 4 of a training program by the business, the community college
6 5 or job corps center may provide to the business an advance of
6 6 the moneys to be used to pay for the program costs as provided
6 7 in the agreement. To receive the funds for this advance from
6 8 the job training fund established in subsection 1, the
6 9 community college or job corps center shall submit an
6 10 application to the department of economic development. The
6 11 amount of the advance shall not exceed twenty-five thousand
6 12 dollars for any business site, or fifty thousand dollars
6 13 within a three-fiscal-year period for any business site. If
6 14 the project involves a consortium of businesses, the maximum
6 15 award per project shall not exceed fifty thousand dollars.
6 16 Participation in a consortium does not affect a business
6 17 site's eligibility for individual project assistance. Prior
6 18 to approval a business shall agree to match program amounts in
6 19 accordance with criteria established by the department.

6 20 3. Notwithstanding the requirements of this section,
6 21 moneys in the job training fund may be used by a community
6 22 college or a job corps center to conduct entrepreneur
6 23 development and support activities.

6 24 Sec. 12. Section 260F.6A, Code 2003, is amended to read as
6 25 follows:

6 26 260F.6A BUSINESS NETWORK TRAINING.

6 27 The community colleges, a job corps center, and the
6 28 department are authorized to fund business network training
6 29 projects which include five or more businesses and are located
6 30 in two or more community college districts. A business
6 31 network training project must have a designated organization
6 32 or lead business to serve as the administrative entity that
6 33 will coordinate the training program. The businesses must
6 34 have common training needs and develop a plan to meet those
6 35 needs. The department shall adopt rules governing this
7 1 section's operation and participant eligibility.

7 2 Sec. 13. Section 260F.6B, Code 2003, is amended to read as
7 3 follows:

7 4 260F.6B HIGH TECHNOLOGY APPRENTICESHIP PROGRAM.

7 5 The community colleges, a job corps center, and the
7 6 department of economic development are authorized to fund high
7 7 technology apprenticeship programs which comply with the
7 8 requirements specified in section 260C.44 and which may
7 9 include both new and statewide apprenticeship programs.

7 10 Notwithstanding the provisions of section 260F.6, subsection
7 11 2, relating to maximum award amounts, moneys allocated to the
7 12 community colleges or a job corps center with high technology
7 13 apprenticeship programs shall be distributed to the community
7 14 colleges or job corps center based upon contact hours under
7 15 the programs administered during the prior fiscal year as
7 16 determined by the department of education. The department of
7 17 economic development shall adopt rules governing this
7 18 section's operation and participant eligibility.

7 19 Sec. 14. Section 260F.8, Code 2003, is amended to read as
7 20 follows:

7 21 260F.8 ALLOCATION.

7 22 1. For each fiscal year, the department shall make funds
7 23 available to the community colleges and a job corps center.
7 24 The department shall allocate by formula from the moneys in
7 25 the fund an amount for each community college and job corps
7 26 center to be used to provide the financial assistance for
7 27 proposals of businesses whose applications have been approved
7 28 by the department. The financial assistance shall be provided
7 29 by the department from the amount set aside for that community
7 30 college or job corps center. If any portion of the moneys set
7 31 aside for a community college or job corps center have not
7 32 been used or committed by May 1 of the fiscal year, that
7 33 portion is available for use by the department to provide
7 34 financial assistance to businesses applying to other community
7 35 colleges or the job corps center. The department shall adopt

8 1 by rule a formula for this set-aside.

8 2 2. Moneys available to the community colleges or a job
8 3 corps center for this program may be used to provide
8 4 forgivable loans to train employees.

8 5 Sec. 15. Section 260F.9, subsections 2 and 3, Code
8 6 Supplement 2003, are amended to read as follows:

8 7 2. A community college or job corps center and the
8 8 department may enter into an agreement to establish a job
8 9 retention project. A job retention project agreement shall
8 10 include, but not be limited to, the following:

8 11 a. The date of the agreement.
8 12 b. The anticipated number of employees to be trained.
8 13 c. The estimated cost of training.
8 14 d. A statement regarding the number of employees employed
8 15 by the participating business on the date of the agreement
8 16 which must equal at least the lesser of one thousand employees
8 17 or four percent or more of the county's resident labor force
8 18 based on the most recent annual labor force statistics from
8 19 the department of workforce development.

8 20 e. A commitment that the participating business shall
8 21 invest at least fifteen million dollars to retool the
8 22 workplace and upgrade the facilities of the participating
8 23 business.

8 24 f. A commitment that the participating business shall not
8 25 move the business operation out of this state or close the
8 26 business operation for at least ten years following the date
8 27 of the agreement.

8 28 g. Other criteria established by the department of
8 29 economic development.

8 30 3. A job retention project agreement entered into pursuant
8 31 to this section must be approved by the board of trustees of
8 32 the applicable community college or board of directors of a
8 33 job corps center, the department of economic development, and
8 34 the participating business.

8 35 Sec. 16. Section 260F.10, Code Supplement 2003, is amended
9 1 to read as follows:

9 2 260F.10 REPORTING.

9 3 A community college or job corps center entering into an
9 4 agreement pursuant to this chapter shall submit an annual
9 5 written report by the end of each calendar year with the grow
9 6 Iowa values board created in section 15G.102. The report
9 7 shall provide information regarding how the agreement affects
9 8 the achievement of the goals and performance measures provided
9 9 in section 15G.107.

9 10 EXPLANATION

9 11 This bill relates to job training programs and the job
9 12 corps centers.

9 13 Currently, under the new jobs training program in Code
9 14 chapter 260E, a community college may enter into an agreement
9 15 with an employer to establish a training project. The
9 16 agreement must provide for program costs, including deferred
9 17 costs, which may be paid from incremental property taxes to be
9 18 received or derived from an employer's business property where
9 19 new jobs are created as a result of the project; a new jobs
9 20 credit from withholding to be received or derived from new

9 21 employment resulting from the project; tuition, student fees,
9 22 or special charges fixed by the board of directors to defray
9 23 program costs in whole or in part; and a guarantee of payments
9 24 to be received.

9 25 Currently, under the jobs training program in Code chapter
9 26 260F, a community college may enter into an agreement with an
9 27 employer to establish a job training project. A project
9 28 cannot receive funding from the job training fund unless the
9 29 department of economic development approves the project. Code
9 30 chapter 260F also authorizes community colleges and the
9 31 department to fund business network training projects and high
9 32 technology apprenticeship programs.

9 33 For purposes of Code chapters 260E and 260F, the bill
9 34 defines a "job corps center" as a campus that is part of the
9 35 nationwide network of campuses organized under the federal job
10 1 corps program authorized by the federal Workforce Investment
10 2 Act of 1998. The bill allows a job corps center to enter into
10 3 job training agreements with an employer under both Code
10 4 chapters 260E and 260F.

10 5 LSB 6413HC 80
10 6 tm/sh/8